

CITY OF CHULA VISTA PACKAGE PROPOSAL TO CVPOA

Date: February 27, 2014

The City hereby makes the following package offer to CVPOA, as found in the attached pages. The City reserves the right to modify, add, or delete any part of this proposal including withdrawing the package and reverting back to the last formal proposals on all open issues.

This package offer includes the following subjects:

- Term and Effect
- Salary Adjustments
- Longevity Pay
- Medical Benefits
- Pension (Incorporating Side Letter and PEPRA)
- Side Letters

CITY OF CHULA VISTA PROPOSAL TO CVPOA
REGARDING ARTICLE 1.07 [TERM AND EFFECT OF MOU]

PROPOSAL #____
DATE: February 27, 2014

PROPOSALS:

The City submits this proposal regarding Article 1.07

PROPOSAL:

ARTICLE 1.07 shall now read as follows:

I. [Three Year Term] This Memorandum of Understanding shall remain in full force and effect from the date of ratification by POA and approval of City Council until June 30, 2017. The parties will endeavor to submit written proposals to each other by March 1, 2017 and the parties will endeavor to begin negotiations not later than April 14, 2017.

II. and III. Remain as currently written in MOU

IV. [Reopener] If at any time during the term of this MOU, through causes beyond the control of the city, the City does not have a sufficient amount of anticipated budgeted revenues, is required to make substantial unanticipated expenditures, or there are significant increases to the CalPERS contribution requirements then, in such event, the City may re-negotiate this MOU and meet and confer on wages, hours, and other terms and conditions of employment. This section, however, in no way effects the existing right of the City to lay off employees.

CITY OF CHULA VISTA PROPOSAL TO CVPOA
REGARDING SALARY ADJUSTMENTS

PROPOSAL #____
DATE: February 27, 2014

CITY PROPOSAL:

The City makes the following proposal regarding salary.

CONCERN:

The City seeks to be prudent and financially responsible in providing salary increases to POA members. The City is still facing financial challenges.

CITY PROPOSAL:

City of Chula Vista proposal to CVPOA:

The following shall be added to Section II [Compensation], Subsection A [Wages], Article 2.01 [Wages], paragraph I:

A. Salary adjustments shall be made as follows:

1. In the first full pay period of July 2014, 2%
2. In the first full pay period of July 2015, 1%
3. In the first full pay period of July 2016, 2%

The salary adjustments are not retroactive. If a MOU is not reached by the first full pay period of July 2014, then the salary adjustment set forth in paragraph 1, shall be the first full pay period after ratification of the MOU by CVPOA and approval of the MOU by City Council.

RESULT: The City provides additional compensation in a manner that is fiscally prudent during challenging financial times.

[End]

CITY OF CHULA VISTA PROPOSAL TO CVPOA
REGARDING LONGEVITY PAY

PROPOSAL #____
DATE: February 27, 2014

PROPOSALS:

The City submits the following proposal regarding longevity pay.

| CONCERN:

The City must be cautious and prudent in its use of public monies.

PROPOSAL:

1. Payment of longevity pay, as set forth in paragraph 4 of the MOA Dated January 25, 2011, shall continue only for members that are eligible for longevity pay on or before July 1, 2014.
2. Payment of longevity pay, as set forth in paragraph 4 of the MOA dated January 25, 2011, is ended on the last pay period of Fiscal Year 2017, which includes June 30, 2017, for all members.

RESULTS:

The City is cautious and prudent in the use of public monies.

**CITY OF CHULA VISTA PROPOSAL TO CVPOA
REGARDING MEDICAL BENEFITS**

PROPOSAL #____
DATE: February 27, 2014

PROPOSAL:

The City submits the following updated proposal regarding medical benefits:

CONCERN:

The City needs to be fiscally prudent and responsible with its funds. The City generally pays all costs for health care for POA members. Healthcare costs have increased significantly since 2006. The City has assumed all premium increases during this time period. As health care premiums continue to escalate, the City payment for the entire costs is not sustainable. Such costs should be shared with employees.

CITY PROPOSAL:

Article 2.15 shall now read as follows:

ARTICLE 2.15 EMPLOYEE BENEFITS

I. Health, Dental and Vision Insurance

Effective **January 1, 2015** the City will provide the following benefits to each represented employee:

| | Kaiser | Non-Kaiser HMO | Non-Kaiser PPO | Dental HMO | Dental PPO |
|---------------|---|---|--|---|--|
| Employee only | City pays 100% of the premium. | Employee pays \$50 per month; City pays balance of the premium. | City pays an amount equal to the City share of the Non-Kaiser HMO premium; Employee pays the balance of the premium. | City pays 100% of premium. | City pays an amount equal to the premium for the Dental HMO; Employee pays the balance of the premium. |
| Employee +1 | City pays 90% of the premium; Employee pays the | City pays 90% of the premium; Employee pays the | City pays an amount equal to the City share of the Non-Kaiser HMO premium; | City pays 90% of the premium; Employee pays the | City pays an amount equal to the premium for the |

| | | | | | |
|------------------|---|---|--|---|--|
| | balance of the premium. | balance of the premium. | Employee pays the balance of the premium. | balance of premium. | Dental HMO; Employee pays the balance of the premium. |
| Employee +family | City pays 90% of the premium; Employee pays the balance of premium. | City pays 90% of the premium; Employee pays for the balance of premium. | City pays an amount equal to the City share of the Non-Kaiser HMO premium; Employee pays for the balance of the premium. | City pays 90% of the premium; Employee pays for the balance of premium. | City pays an amount equal to the premium for the Dental HMO; Employee pays the balance of the premium. |

Represented employees who are married to another represented employee have the option of being covered as an Employee Only or as a dependent under their spouse's Employee + One or Employee + Family coverage level.

A. Enrollment:

1. [Health] Each eligible employee will be covered under the City offered health plan of their choice effective from employee's date of hire in that eligible position. Premium payments shall be as set forth in the table above. Any difference between the City's share of the health premium and the full premium cost will be paid by the employee through payroll deductions. Employees who fail to submit required benefit election forms within 30 days of the date of eligibility will be automatically enrolled in the Employee Only category of the lowest cost City sponsored health plan available. Employees who fail to enroll during open enrollment will be enrolled in their same health plan with all other elections being cancelled. ~~or during open enrollment will automatically be enrolled in the Kaiser Employee Only plan.~~

2. [Dental] Represented employees will be eligible to participate in any City sponsored group dental plan effective ~~the first of the month following the employee's~~ date of hire. Premiums payments shall be as set forth in the table above. Any difference between the pre-paid dental plan premium and the PPO dental plan premium will be paid by the employee through payroll deductions. Employees may only change their health or dental coverage levels at open enrollment or upon a qualifying event (marriage, divorce, birth, adoption, etc.).

3. [Employee Paid Medical and Dental Premiums Taken as Pre-Tax Payroll Deductions] It is the intent of the parties that participating employees receive the maximum benefit allowable in accordance with IRS regulations. However, any tax consequence shall be borne solely by the employee. In those cases where the employee pays a portion of the cost, premiums will be deducted from the employee's paycheck on a pre-tax basis as allowed under Sections 125, 105, and 213 of the Internal Revenue Code. If an employee prefers to have the deductions taken on a post-tax basis, he or she must present the request for such change in writing to the Human Resources Department. If the City does not meet IRS requirements, or if IRS regulations change for any reason, this benefit may be discontinued.

4. [Vision – Optional] Represented employees will be eligible to voluntarily participate in a City sponsored group vision plan. The premium for the selected plan will be paid by the employee through payroll deductions.

5. [Insurance Coverage While on Leave of Absence Without Pay] Represented employees on leave without pay for any reason may continue, at their own expense, their group insurance coverage by paying the full cost of their premium plus a 2% administrative fee.

Upon an employee's return from leave without pay, the employee's benefits will be reinstated to the same benefit level in effect prior to the beginning of the leave without pay status, provided the employee is eligible to receive City benefits. An employee who pays for the cost of his or her insurance while on leave of absence and who returns to work prior to the 15th of the month, will not be required to pay their insurance premiums for that month.

6. [Termination of Benefits Upon Separation of Employment] An employee's coverage under the City's group medical, dental, and ~~vision group-term life insurance~~ plans is effective through the last day of the month in which the employee's termination is effective. Employees may continue their coverage beyond that date, at his or her own expense, in accordance with the federal COBRA law. The cost of COBRA coverage is his or her premium cost plus a 2% administrative fee.

II. Flexible Spending Accounts (FSAs)-Health Care and Dependent Care

Represented employees will be eligible to participate in the two Flexible Spending Account (FSA) options offered by the City. These accounts are allowed by Sections 125, 105, 129, and 213 of the Internal Revenue Code. Employees may elect to set aside a portion of their salary, on a pre-tax basis, to fund eligible health care and dependent care expenses. If the City does not meet IRS regulations, or if the IRS regulations change for any reason, this benefit may be discontinued. The employee shall be solely responsible for any tax consequences.

The maximum amounts an employee may set aside are:

\$2,500 for Health Care

\$5,000 for Dependent Care

These accounts may only be established during the Benefits Open Enrollment period or within 30 days of a qualifying change in family status as defined by the IRS.

Salary deductions will be taken 24 pay periods per year, bi-weekly except for those months with three pay periods, where deductions will only be taken two times.

Reimbursements will be made on a schedule to be determined by the City. Requests for reimbursement must be made on forms provided by the City. Any monies not used by the end of the plan year will be forfeited. Specific details of the plan are provided in the City's Summary of Benefits publication available from Human Resources.

The City reserves the right to contract with a Third Party Administrator for administration of FSAs. The City will pay the start-up costs associated with third party administration. Participating employees will pay any fees (monthly, per employee, or per transaction).

RESULT:

The City uses its funds in a fiscally sound and prudent manner and the employee shares in the cost of medical benefits.

[End]

**CITY OF CHULA VISTA PROPOSAL TO CVPOA
REGARDING PENSION BENEFITS**

PROPOSAL #____
DATE: February 27, 2014

PROPOSALS:

The City submits the following proposal regarding Pension Benefits.

CONCERN:

The pension agreements between the City and the POA reached in 2011 are in a side letter rather than in the MOU. In addition, the State subsequently enacted AB 340, the Public Employee's Pension Reform Act of 2013 (PEPRA). The City seeks compliance with PEPRA and incorporation of the parties' 2011 agreements.

PROPOSAL:

ARTICLE 2.18 RETIREMENT

The City will provide to represented members retirement benefits via contract with the California Public Employees Retirement System (CalPERS) as set forth in the California Government Code.

TIER I. For employees hired on or before the effective date of the January 25, 2011 MOA, the City will provide the 3% at 50 Retirement Plan for Local Safety Members as provided for under the California Public Employees' Retirement System (CalPERS). Employees in Tier 1 shall make contributions, that shall be applied to the City's (employer share) contribution to CalPERS under Government Code section 20516 for optional benefits, in the total amount of nine percent (9%) for Employees in the "Local Police Officers" CalPERS member category. The aforementioned contributions will be made on a pre-tax basis to the extent permitted by Internal Revenue Code section 414(h)(2). The City shall report, as presently done, the Employer Paid Member Contribution (EPMC) to CalPERS as compensation earnable.

The City will provide the following CalPERS contract options:

- A. One-Year Final Compensation
- B. Post-Retirement Survivor Allowance
- C. Credit for Unused Sick Leave
- D. 4th Level 1959 Survivor Benefit.
- E. Military Service Credit as Prior Service
- F. Cost of Living Allowance (2%)
- G. Post-Retirement Survivor Allowance Continuance
- H. Pre-Retirement Death Benefit for Spouse

- I. Retired Death Benefit \$5,000
 - J. Prior Service Credit
 - K. Employer Paid Member Contribution
2. TIER II. For Employees hired after the effective date of the January 25, 2011 MOA and who do not qualify as “new members” as defined by PEPR (see Gov’t Code section 7522.04(f)(1)-(3)) and CalPERS, the CalPERS Retirement Plan benefits for Employees in the “Local Police Officers” CalPERS member category are (1) the 3% @ 55 retirement formula; (2) that the Employees make 100% of the statutory employee (employee share) contribution to CalPERS, currently 9%; (3) that there be no final year concession of said payments to compensation for CalPERS benefit calculation purposes; and (4) the use of an average highest three consecutive years calculation to determine final compensation. Furthermore, the City will no longer provide a blended health care rate for Employees hired under the Second Tier CalPERS Retirement Plan.

The City will provide the following CalPERS contract options:

- A. Post-Retirement Survivor Allowance
- B. Credit for Unused Sick Leave
- C. 4th Level 1959 Survivor Benefit.
- D. Military Service Credit as Prior Service
- E. Cost of Living Allowance (2%)
- F. Post-Retirement Survivor Allowance Continuance
- G. Pre-Retirement Death Benefit for Spouse
- H. Retired Death Benefit \$5,000
- I. Prior Service Credit

Tier III. [PEPRA] For Employees hired on or after January 1, 2013 and determined to be “new members” as defined by PEPRA (see Gov’t Code section 7522.04(f)(1)-(3) and CalPERS, the following shall apply: (1) a 2.7% @ 57 retirement formula; (2) no EMPC; (3) the use of an average highest three consecutive years calculation to determine final compensation; (4) employees shall pay 50% of normal cost of their pension, as set forth in PEPRA and determined by CalPERS; (5) pension capped as set forth in PEPRA (Gov’t Code section 7522.10(c)(2)); and (6) no blended health care rate for Employees under this Tier.

The City will provide the following CalPERS contract options:

- A. Post-Retirement Survivor Allowance
- B. Credit for Unused Sick Leave
- C. 4th Level 1959 Survivor Benefit.
- D. Military Service Credit as Prior Service
- E. Cost of Living Allowance (2%)
- F. Post-Retirement Survivor Allowance Continuance

- G. Pre-Retirement Death Benefit for Spouse
- H. Retired Death Benefit \$5,000
- I. Prior Service Credit

RESULTS:

Compliance with State law (PEPRA).

[END]